

DEPARTMENT OF STATE

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October 7, 1959

MEMORANDUM FOR THE SECRETARY

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Through: S/S
From: G - Mr. Merchant
Subject: NATO and its Future

NATO faces, I believe, in the months ahead a psychological crisis which it behooves us to recognize and deal with as best we can. The key elements contributing to this crisis seem to me to be:

(1) The risk of a false detente arising from wishful thinking and supported by the argument that the exchange of visits by the President and Mr. Khrushchev, accompanied by Soviet sweet talk and disarmament proposals, justifies a relaxation of defense effort. The fact that this would permit tax cuts introduces an added fillip.

(2) The combination of de Gaulle's nationalistic attitudes and the prolonged campaign in Algeria which have combined seriously to weaken the effectiveness of NATO's defenses and hence contributed to a growing attitude on the part of others that their own effort is futile.

(3) Cognizance of the potentially serious implications for the unity of NATO which reside in the economic and political dispute between the Six and the Seven.

(4) Growing recognition of the fact that the combination of loss of gold by the United States and steadily heavy going for the US military assistance programs foreshadow the imminent day when the budgets of many of the NATO partners will have to choose between steep increases or decline in effective defense effort.

(5) The likelihood of a growing recognition that NATO goals can by no means be met in full and that by

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force of inertia and budgetary habit the short fall will likely be most pronounced in failure to provide tactical advanced weapons.

(6) Finally the incipient fear which can be fed by indiscreet talk from this side of the Atlantic that the United States is going to pull its forces out of Europe.

By the end of this year's Annual Review impending serious short falls in the United States MC-70 goals will be widely apparent. Evidence of our concern with our own adverse balance of payments and consequent loss of gold will further feed the fears of those Europeans who expect the worst. Moreover any evidence that we look to an increased German military effort to fill any gap we may leave will contribute to all the dormant European fears of future German military supremacy in Western Europe.

The combination of the above elements, if allowed full play, I am sure would contribute to the growth of neutralist sentiment in Western Europe. Coming at a time when maintenance of our collective military strength is a sine qua non for successful negotiation with the Soviets over such dangerous problems as Berlin and coinciding with a nationalist era in France and the closing year or years of the Adenauer era in Germany, we face a problem, the skillful handling of which is crucial not only to our post-war European policy but to our own national security.

cc - Mr. Gerard Smith
Mr. Ivan White

LTMerchant:mt

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